

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND  
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: \_\_\_\_\_ OGRID Number: \_\_\_\_\_  
 Well Name: \_\_\_\_\_ API: \_\_\_\_\_  
 Pool: \_\_\_\_\_ Pool Code: \_\_\_\_\_

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION  
 INDICATED BELOW**

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL      ☐ NSP (PROJECT AREA)      ☐ NSP (PRORATION UNIT)      ☐ SD

B. Check one only for [ I ] or [ II ]

[ I ] Commingling – Storage – Measurement

☐ DHC    ☐ CTB    ☐ PLC    ☐ PC    ☐ OLS    ☐ OLM

[ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX    ☐ PMX    ☐ SWD    ☐ IPI    ☐ EOR    ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders  
 B. ☐ Royalty, overriding royalty owners, revenue owners  
 C. ☐ Application requires published notice  
 D. ☐ Notification and/or concurrent approval by SLO  
 E. ☐ Notification and/or concurrent approval by BLM  
 F. ☐ Surface owner  
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,  
 H. ☐ No notice required

**FOR OCD ONLY**

- ☐ Notice Complete  
☐ Application  
 Content  
 Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Print or Type Name

*Pattina*

Signature

Date

Phone Number

e-mail Address



**Paula M. Vance**  
**Associate**  
**Phone** (505) 988-4421  
**Fax** (505) 819-5579  
pmvance@hollandhart.com

June 16, 2023

**VIA ONLINE FILING**

Dylan Fuge, Division Director  
Oil Conservation Division  
New Mexico Department of Energy, Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Application of Matador Production Company for administrative approval to surface commingle (pool and lease) oil and gas production from spacing units comprised of the SW/4 of Section 14 and the S/2 of Section 15, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico (the "Lands")**

Dear Mr. Fuge:

Matador Production Company (OGRID No. 228937), pursuant to 19.15.12.10 NMAC, seeks administrative approval to surface commingle (pool and lease) diversely owned oil and gas production at the **Ted Federal Central Tank Battery** *insofar as all existing and future wells drilled in the following spacing units:*

- (a) The 240-acre spacing unit comprised of the N/2 SW/4 of Section 14 and the N/2 S/2 of Section 15, in the Getty; Bone Spring (27470) – currently dedicated to the **Ted 1514 Fed Com #123H** (API. No. 30-015-53697);
- (b) The 240-acre spacing unit comprised of the S/2 SW/4 of Section 14 and the S/2 S/2 of Section 15, in the Getty; Bone Spring (27470) – currently dedicated to the **Ted 1514 Fed Com #124H** (API. No. 30-015-53698);
- (c) The 240-acre spacing unit comprised of the N/2 SW/4 of Section 14 and the N/2 S/2 of Section 15, in the Gutuna Canyon; Wolfcamp (27191) – currently dedicated to the **Ted 1514 Fed Com #203H** (API. No. 30-015-53674);
- (d) The 240-acre spacing unit comprised of the S/2 SW/4 of Section 14 and the S/2 S/2 of Section 15, in the Gutuna Canyon; Wolfcamp (27191) – currently dedicated to the **Ted 1514 Fed Com #204H** (API. No. 30-015-53678); and
- (e) Pursuant to 19.15.12.10.C(4)(g), *from all future additions of pools, leases or leases and pools to the Ted Federal Central Tank Battery* with notice provided only to the owners of interests to be added.



**Paula M. Vance**  
**Associate**  
**Phone** (505) 988-4421  
**Fax** (505) 819-5579  
pmvance@hollandhart.com

Oil and gas production from these spacing units will be commingled and sold at the **Ted Federal Central Tank Battery** ("CTB") located in the SW/4 SW/4 of Section 15. Each well is equipped with a three-phase separator and metered on lease before production is transferred to the CTB. Gas production from the separator will be individually metered with a calibrated orifice meter that is manufactured to AGA specifications. Oil production from the separator will be separately metered using turbine meters.

**Exhibit 1** is a land plat showing Matador's current development plan, flow lines, well pads, and central tank battery ("Facility Pad") in the subject area. The plat also identifies the wellbores and laterals and lease/spacing unit boundaries.

**Exhibit 2** is a completed Application for Surface Commingling (Diverse Ownership) Form C-107-B, that includes a statement from Kenneth Dodson, Staff Facilities Engineer with Matador, identifying the facilities and the measurement devices to be utilized, a detailed schematic of the surface facilities (Exhibit A to the statement) and an example gas analysis (Exhibit B to the statement).

**Exhibit 3** is a C-102 for each of the wells currently permitted or drilled within the existing spacing units.

**Exhibit 4** includes relevant communitization agreements.

Ownership is diverse between the above-described spacing units, each of which are either subject to a pooling agreement or a pooling order and are therefore considered "leases" as defined by 19.15.12.7(C) NMAC. **Exhibit 5** is a list of the interest owners (including any owners of royalty or overriding royalty interests) affected by this application, an example of the letters sent by certified mail advising the interest owners that any objections must be filed in writing with the Division within 20 days from the date the Division receives this application, and proof of mailing. A copy of this application has been provided to the Bureau of Land Management since federal lands are involved.

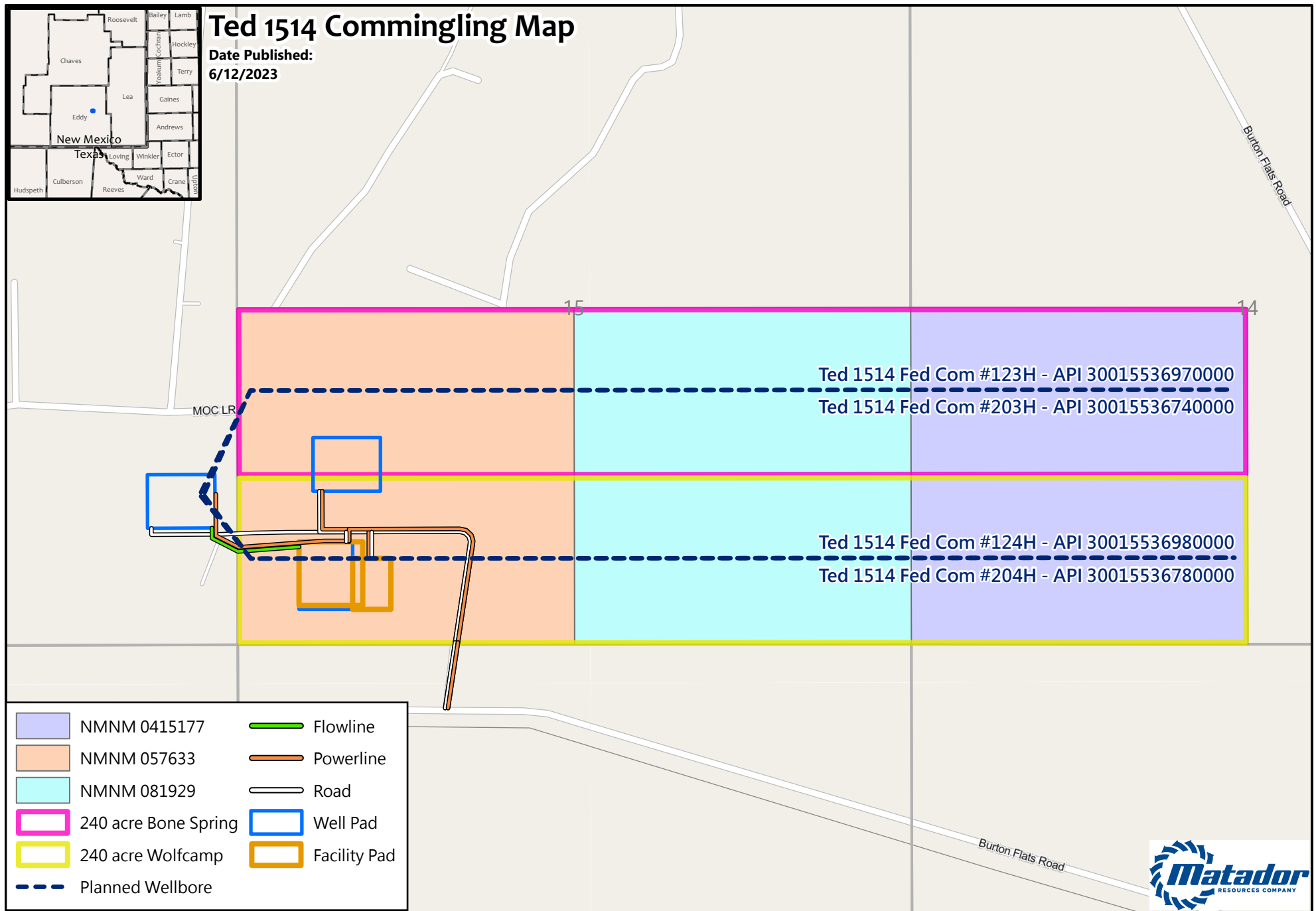
Thank you for your attention to this matter, and please feel free to call if you have any questions or require additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paula M. Vance".

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Paula M. Vance  
**ATTORNEY FOR MATADOR PRODUCTION  
COMPANY**



EXHIBIT

1

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original application  
to the Santa Fe office with one  
copy to the appropriate District  
Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Matador Production Company

OPERATOR ADDRESS: 5400 LBJ Freeway Tower 1 Suite 1500 Dallas, TX 75240

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
☒ Yes ☐ No

**(A) POOL COMMINGLING**

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Calculated Value of Commingled Production	Volumes
[27470] GETTY; BONE SPRING	44.81°	47.22° oil 1405 BTU/CF	\$69.26/bbl oil Deemed 40°/Sweet (Mar '23 realized price)  \$2.40/mcf (Mar '23 realized price)	1800 bopd
[27470] GETTY; BONE SPRING	1434 BTU/CF			3000 mcf
[27191] GATUNA CANYON; WOLFCAMP	49.39 °			2000 bopd
[27191] GATUNA CANYON; WOLFCAMP	1387 BTU/CF			5000 mcf

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No  
(4) Measurement type: ☒ Metering ☐ Other (Specify)  
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**

Please attach sheets with the following information

- (1) Pool Name and Code  
(2) Is all production from same source of supply? ☐ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No  
(4) Measurement type: ☐ Metering ☐ Other (Specify)

**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

- (1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**

Please attach sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE:  TITLE: Staff Facilities Engineer DATE: 4/17/2023

TYPE OR PRINT NAME Kenneth Dodson TELEPHONE NO.: (972) 371-5489

E-MAIL ADDRESS: kdodson@matadorresources.com

EXHIBIT  
2

# Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

Voice 972.371.5489 • Fax 972.371.5201

[kdodson@matadorresources.com](mailto:kdodson@matadorresources.com)

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**Kenneth Dodson**  
Staff Facilities Engineer

April 17, 2023

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**Re: Application of Matador Production Company for administrative approval to surface commingle (pool and lease) gas and oil production from the spacing units comprised of the S/2 of Section 15 and SW/4 of Section 14, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico (the "Lands").**

To Whom This May Concern,

Matador Production Company ("Matador"), OGRID: 228937, requests to commingle current oil and gas production from four (4) distinct wells located on the Lands and future production from the Lands as described herein. All wells will be metered through individual test separators with an oil turbine meter and gas orifice meter. The gas commingling will occur after individual measurement at each well. Gas exiting each well test flows into one gathering line, as depicted on **Exhibit A**, the San Mateo Midstream, LLC gathering line. Each well on the Lands will have its own test separator with an orifice meter manufactured and assembled in accordance with American Gas Association (AGA) specifications. All primary and secondary Electronic Flow Measurement (EFM) equipment is tested and calibrated by a reputable third party measurement company in accordance with industry specifications.

The orifice meter is the preferred measurement device utilized by midstream and E&P companies in natural gas measurement. The gas samples are obtained at the time of the meter testing/calibration and the composition and heating value are determined by a laboratory in accordance with American Petroleum Institute (API) specifications to ensure accurate volume and Energy (MMBTU) determinations. See example from FESCO attached as **Exhibit B** hereto.

The flow stream from each wellhead is demonstrated in the Process Flow Diagram (PFD) attached as **Exhibit A** hereto. This PFD shows that the water, oil, and gas exit the wellbore and flow into a wellhead three-phase separator which separates the oil, gas, and water. The oil is measured via turbine meter which is calibrated periodically in accordance with industry specifications by a third party measurement company for accuracy. The gas is measured on a volume and MMBTU basis by an orifice meter and supporting EFM equipment in accordance with American Petroleum Association (API) Chapter 21.1. The gas is then sent into a gathering line where it is commingled



with each of the other wells' metered gas, as shown on **Exhibit A**. The gathering line gas is then metered by another orifice meter at the tank battery check to show the total volume of gas leaving the Tank Battery. This meter is tested and calibrated in accordance with industry specifications and volume and energy are determined on an hourly, daily, and monthly basis. Once the gas exits this final tank battery sales check, it travels directly into a third party sales connect meter. San Mateo Midstream, LLC has its own orifice meter that measures the gas for custody transfer. These meters are also calibrated periodically to ensure the measurement accuracy.

In conclusion, all the oil and gas produced on the Lands is and will be metered at each wellhead and allocated correctly using the same measurement equipment as the pipeline sales measurement specifications accepted by API as industry standard.

Very truly yours,

MATADOR PRODUCTION COMPANY

A handwritten signature in black ink, appearing to read 'Kenneth Dodson', written over a horizontal line.

Kenneth Dodson  
Staff Facilities Engineer





**FESCO, Ltd.**  
**1100 Fesco Ave. - Alice, Texas 78332**

**For:** Matador Production Company  
One Lincoln Centre  
5400 LBJ Freeway, Suite 1500  
Dallas, Texas 75240

**Sample:** Ted Paup 3231 Federal COM No. 206H  
First Stage Separator Gas  
Spot Sample @ 122 psig & 104 °F

Date Sampled: 01/27/22

Job Number: 221165.001

**CHROMATOGRAPH EXTENDED ANALYSIS - GPA 2286**

COMPONENT	MOL%	GPM
Hydrogen Sulfide*	< 0.001	
Nitrogen	1.181	
Carbon Dioxide	0.122	
Methane	72.138	
Ethane	13.806	3.783
Propane	7.049	1.990
Isobutane	0.896	0.300
n-Butane	2.240	0.724
2-2 Dimethylpropane	0.005	0.002
Isopentane	0.505	0.189
n-Pentane	0.572	0.212
Hexanes	0.461	0.195
Heptanes Plus	<u>1.025</u>	<u>0.452</u>
Totals	100.000	7.847

**Computed Real Characteristics Of Heptanes Plus:**

Specific Gravity ----- 3.550 (Air=1)  
Molecular Weight ----- 102.35  
Gross Heating Value ----- 5529 BTU/CF

**Computed Real Characteristics Of Total Sample:**

Specific Gravity ----- 0.807 (Air=1)  
Compressibility (Z) ----- 0.9953  
Molecular Weight ----- 23.27  
Gross Heating Value  
Dry Basis ----- 1410 BTU/CF  
Saturated Basis ----- 1387 BTU/CF

\*Hydrogen Sulfide tested on location by: Stain Tube Method (GPA 2377)  
Results: <0.013 Gr/100 CF, <0.2 PPMV or <0.001 Mol %

Base Conditions: 15.025 PSI &amp; 60 Deg F

Sampled By: (16) Robbie E.  
Analyst: RG  
Processor: RG  
Cylinder ID: T-3429

**EXHIBIT**  
**B**

Certified: FESCO, Ltd. - Alice, Texas

Conan Pierce 361-661-7015

**CHROMATOGRAPH EXTENDED ANALYSIS - GPA 2286**  
**TOTAL REPORT**

COMPONENT	MOL %	GPM	WT %
Hydrogen Sulfide*	< 0.001		< 0.001
Nitrogen	1.181		1.422
Carbon Dioxide	0.122		0.231
Methane	72.138		49.737
Ethane	13.806	3.783	17.842
Propane	7.049	1.990	13.359
Isobutane	0.896	0.300	2.238
n-Butane	2.240	0.724	5.596
2,2 Dimethylpropane	0.005	0.002	0.016
Isopentane	0.505	0.189	1.566
n-Pentane	0.572	0.212	1.774
2,2 Dimethylbutane	0.006	0.003	0.022
Cyclopentane	0.000	0.000	0.000
2,3 Dimethylbutane	0.045	0.019	0.167
2 Methylpentane	0.138	0.059	0.511
3 Methylpentane	0.075	0.031	0.278
n-Hexane	0.197	0.083	0.730
Methylcyclopentane	0.099	0.036	0.358
Benzene	0.028	0.008	0.094
Cyclohexane	0.131	0.046	0.474
2-Methylhexane	0.031	0.015	0.134
3-Methylhexane	0.035	0.016	0.151
2,2,4 Trimethylpentane	0.000	0.000	0.000
Other C7's	0.097	0.043	0.414
n-Heptane	0.087	0.041	0.375
Methylcyclohexane	0.139	0.057	0.587
Toluene	0.034	0.012	0.135
Other C8's	0.125	0.060	0.592
n-Octane	0.043	0.023	0.211
Ethylbenzene	0.004	0.002	0.018
M & P Xylenes	0.019	0.008	0.087
O-Xylene	0.005	0.002	0.023
Other C9's	0.066	0.034	0.358
n-Nonane	0.017	0.010	0.094
Other C10's	0.039	0.023	0.237
n-Decane	0.009	0.006	0.055
Undecanes (11)	<u>0.017</u>	<u>0.012</u>	<u>0.114</u>
Totals	100.000	7.847	100.000

Computed Real Characteristics of Total Sample

Specific Gravity -----	0.807	(Air=1)
Compressibility (Z) -----	0.9953	
Molecular Weight -----	23.27	
Gross Heating Value		
Dry Basis -----	1410	BTU/CF
Saturated Basis -----	1387	BTU/CF

**FESCO, Ltd.****1100 Fesco Ave. - Alice, Texas 78332****Sample:** Ted Paup 3231 Federal COM No. 206H

First Stage Separator Gas

Spot Sample @ 122 psig &amp; 104 °F

Date Sampled: 01/27/22

Job Number: 221165.001

**GLYCALC FORMAT**

<b>COMPONENT</b>	<b>MOL%</b>	<b>GPM</b>	<b>Wt %</b>
Carbon Dioxide	0.122		0.231
Hydrogen Sulfide	< 0.001		< 0.001
Nitrogen	1.181		1.422
Methane	72.138		49.737
Ethane	13.806	3.783	17.842
Propane	7.049	1.990	13.359
Isobutane	0.896	0.300	2.238
n-Butane	2.245	0.725	5.612
Isopentane	0.505	0.189	1.566
n-Pentane	0.572	0.212	1.774
Cyclopentane	0.000	0.000	0.000
n-Hexane	0.197	0.083	0.730
Cyclohexane	0.131	0.046	0.474
Other C6's	0.264	0.112	0.978
Heptanes	0.349	0.151	1.432
Methylcyclohexane	0.139	0.057	0.587
2,2,4 Trimethylpentane	0.000	0.000	0.000
Benzene	0.028	0.008	0.094
Toluene	0.034	0.012	0.135
Ethylbenzene	0.004	0.002	0.018
Xylenes	0.024	0.009	0.110
Octanes Plus	<u>0.316</u>	<u>0.167</u>	<u>1.661</u>
Totals	100.000	7.847	100.000

**Real Characteristics Of Octanes Plus:**

Specific Gravity ----- 4.244 (Air=1)  
Molecular Weight ----- 122.35  
Gross Heating Value ----- 6511 BTU/CF

**Real Characteristics Of Total Sample:**

Specific Gravity ----- 0.807 (Air=1)  
Compressibility (Z) ----- 0.9953  
Molecular Weight ----- 23.27  
Gross Heating Value  
Dry Basis ----- 1410 BTU/CF  
Saturated Basis ----- 1387 BTU/CF

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-53697</b>		<sup>2</sup> Pool Code <b>27470</b>		<sup>3</sup> Pool Name <b>GETTY; BONE SPRING</b>	
<sup>4</sup> Property Code <b>333895</b>		<sup>5</sup> Property Name <b>TED 1514 FED COM</b>			<sup>6</sup> Well Number <b>123H</b>
<sup>7</sup> OGRID No. <b>228937</b>		<sup>8</sup> Operator Name <b>MATADOR PRODUCTION COMPANY</b>			<sup>9</sup> Elevation <b>3286'</b>

<sup>10</sup>Surface Location

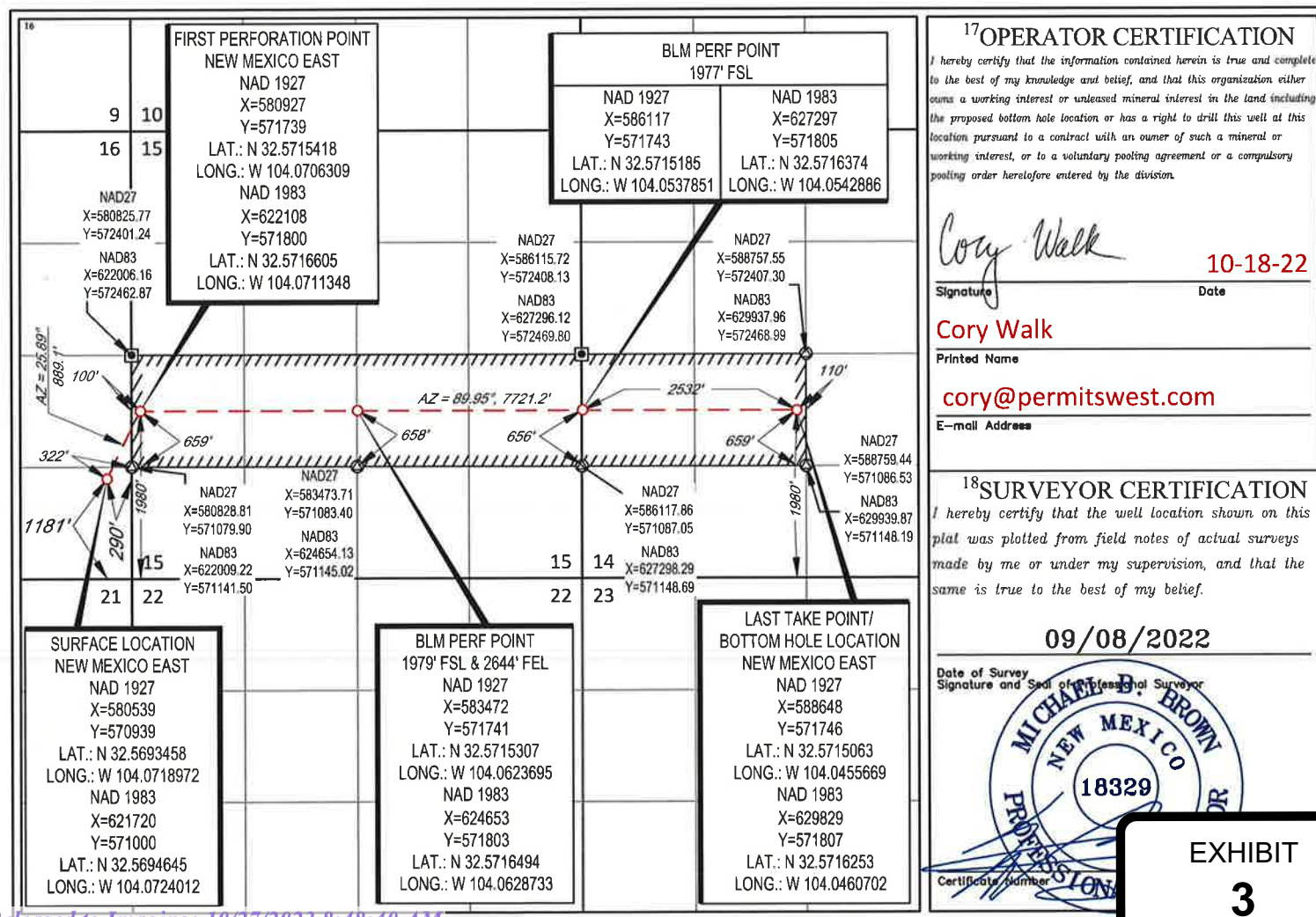
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>16</b>	<b>20-S</b>	<b>29-E</b>	<b>-</b>	<b>1181'</b>	<b>SOUTH</b>	<b>290'</b>	<b>EAST</b>	<b>EDDY</b>

<sup>11</sup>Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>K</b>	<b>14</b>	<b>20-S</b>	<b>29-E</b>	<b>-</b>	<b>1980'</b>	<b>SOUTH</b>	<b>2532'</b>	<b>WEST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres <b>240</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



EXHIBIT

3

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
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1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-53698</b>		<sup>2</sup> Pool Code <b>27470</b>		<sup>3</sup> Pool Name <b>GETTY; BONE SPRING</b>	
<sup>4</sup> Property Code <b>333895</b>		<sup>5</sup> Property Name <b>TED 1514 FED COM</b>		<sup>6</sup> Well Number <b>124H</b>	
<sup>7</sup> OGRID No. <b>228937</b>		<sup>8</sup> Operator Name <b>MATADOR PRODUCTION COMPANY</b>		<sup>9</sup> Elevation <b>3286'</b>	

<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>16</b>	<b>20-S</b>	<b>29-E</b>	<b>-</b>	<b>1151'</b>	<b>SOUTH</b>	<b>290'</b>	<b>EAST</b>	<b>EDDY</b>

<sup>11</sup>Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>N</b>	<b>14</b>	<b>20-S</b>	<b>29-E</b>	<b>-</b>	<b>660'</b>	<b>SOUTH</b>	<b>2531'</b>	<b>WEST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres <b>240</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<sup>16</sup> 	
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District I  
1625 N. French Dr., Hobbs, NM 88240  
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State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-53674</b>	<sup>2</sup> Pool Code 2719 1	<sup>3</sup> Pool Name Gatuna Canyon; Wolfcamp
<sup>4</sup> Property Code <b>333895</b>	<sup>5</sup> Property Name <b>TED 1514 FED COM</b>	<sup>6</sup> Well Number <b>203H</b>
<sup>7</sup> OGRID No. 228937	<sup>8</sup> Operator Name <b>MATADOR PRODUCTION COMPANY</b>	<sup>9</sup> Elevation <b>3286'</b>

<sup>10</sup>Surface Location

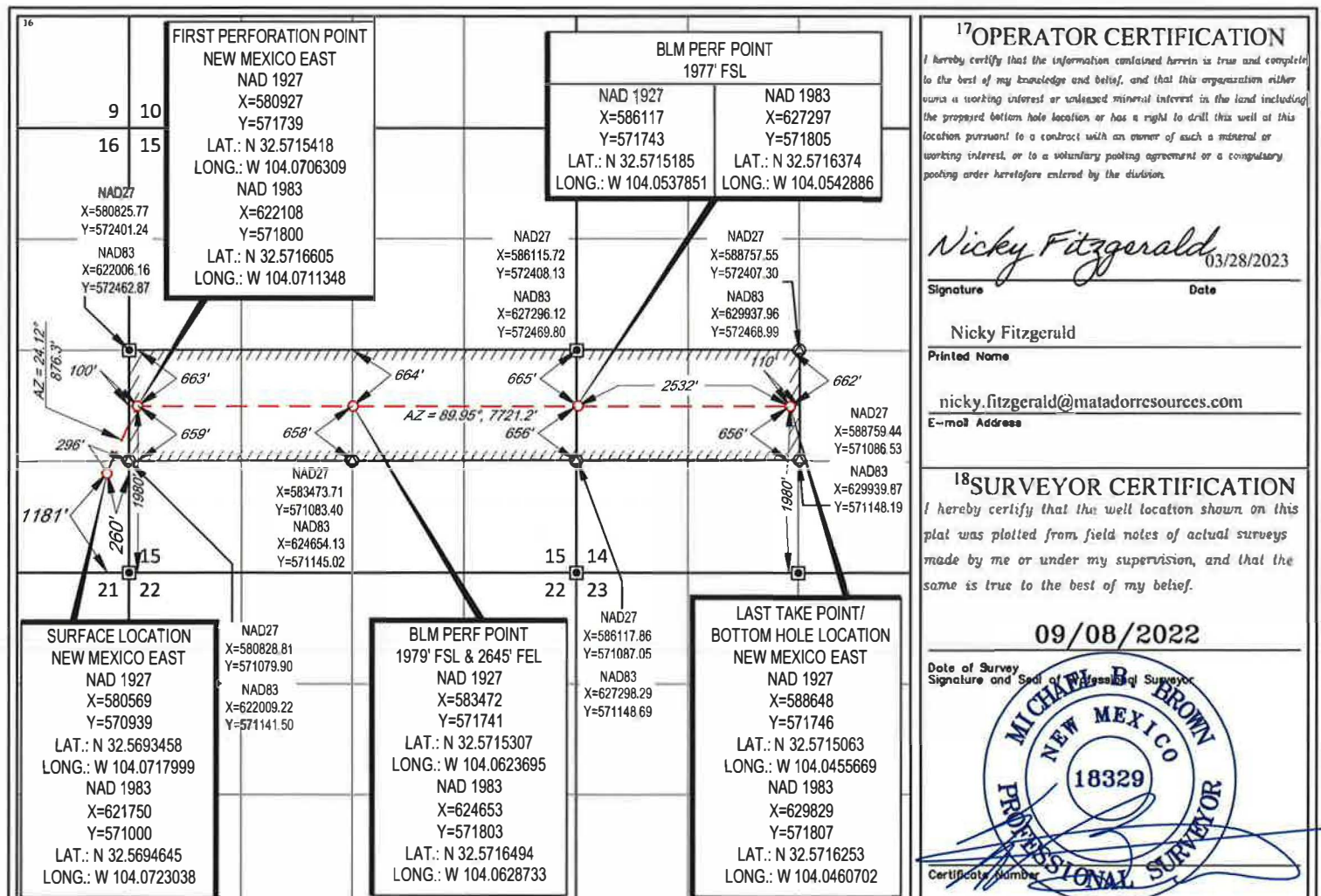
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>16</b>	<b>20-S</b>	<b>29-E</b>	<b>-</b>	<b>1181'</b>	<b>SOUTH</b>	<b>260'</b>	<b>EAST</b>	<b>EDDY</b>

<sup>11</sup>Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>K</b>	<b>14</b>	<b>20-S</b>	<b>29-E</b>	<b>-</b>	<b>1980'</b>	<b>SOUTH</b>	<b>2532'</b>	<b>WEST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres <b>240</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

FORM C-102

Revised August 1, 2011

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District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-53678</b>		<sup>2</sup> Pool Code <b>2719 27191</b>		<sup>3</sup> Pool Name Gatuna Canyon; Wolfcamp	
<sup>4</sup> Property Code <b>333895</b>		<sup>5</sup> Property Name <b>TED 1514 FED COM</b>			<sup>6</sup> Well Number <b>204H</b>
<sup>7</sup> OGRID No. 228937		<sup>8</sup> Operator Name <b>MATADOR PRODUCTION COMPANY</b>			<sup>9</sup> Elevation <b>3287'</b>

<sup>10</sup>Surface Location

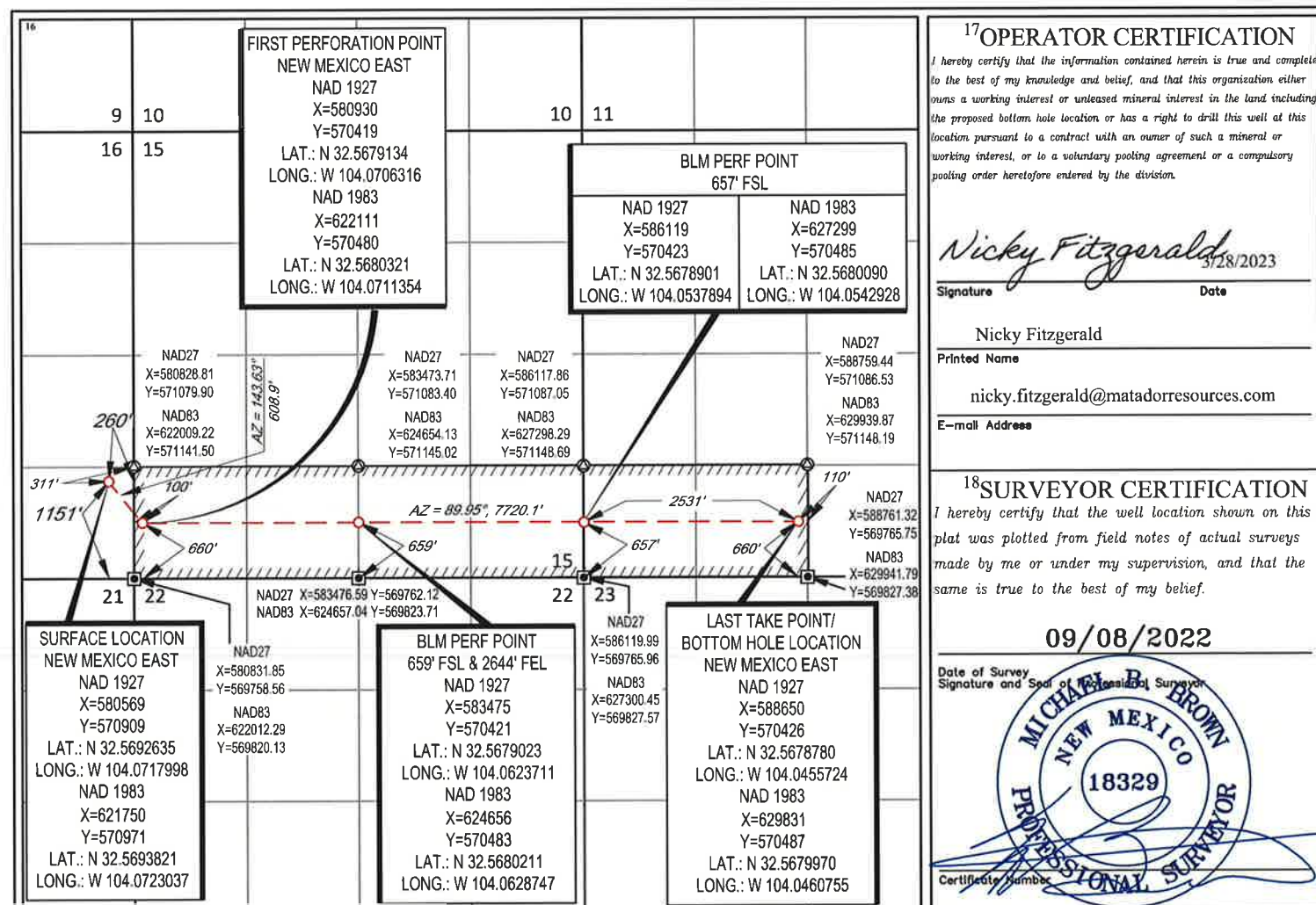
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>16</b>	<b>20-S</b>	<b>29-E</b>	<b>-</b>	<b>1151'</b>	<b>SOUTH</b>	<b>260'</b>	<b>EAST</b>	<b>EDDY</b>

<sup>11</sup>Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>N</b>	<b>14</b>	<b>20-S</b>	<b>29-E</b>	<b>-</b>	<b>660'</b>	<b>SOUTH</b>	<b>2531'</b>	<b>WEST</b>	<b>EDDY</b>

<sup>12</sup> Dedicated Acres <b>240</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
---	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.





## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the **1<sup>st</sup>** day of **September, 2022**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

### WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

**N2S2 Section 15 & N2SW4 Section 14, Township 20S, Range 29E, Eddy County, New Mexico.**

Containing **240** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the **oil and gas** hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the

EXHIBIT

**4**

operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be **Matador Production Company 5400 Lyndon B Johnson Fwy, Suite 1500, Dallas, Texas, 75240**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of  $1/8^{\text{th}}$  or  $12 \frac{1}{2}$  percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining  $7/8^{\text{th}}$  should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the

communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes.

This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. The date of this agreement is **September 1, 2022**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all

parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**Operator: Matador Production Company**

\_\_\_\_\_  
Signature of Authorized Agent

**By: Craig N. Adams Executive Vice President**  
Name & Title of Authorized Agent

**Date:** \_\_\_\_\_

## ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this \_\_\_\_ day of \_\_\_\_\_, 2022, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this \_\_\_\_ day of \_\_\_\_\_, 2022, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING  
INTEREST**

COMMUNITIZATION AGREEMENT: \_\_\_\_\_

I, the undersigned, hereby certify, on behalf of **Matador Production Company**, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: \_\_\_\_\_

Signature of office

Printed: Craig N. Adams

TITLE: Executive Vice President

Phone number : (972) -371-5200



**EXHIBIT “A”**

Plat of communitized area covering **240** acres in **N2S2 Section 15 & N2SW4 Section 14,**  
**Township 20S, Range 29E, Eddy County, New Mexico.**

Ted 1514 Fed Com #123H

Section 15		Section 14	
Tract 1 NMNM-57633 80 Acres	Tract 2 NMNM-81929 80 Acres	Tract 3 NMNM-0415177 80 Acres	

**EXHIBIT "B"**

Attached to and made a part of that certain Communitization Agreement dated September 1, 2022, embracing the following described land in the N2S2 of section 15 and N2SW4 of section 14 of Township 20 South, Range 29 East, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

**DESCRIPTION OF LEASES COMMITTED****Tract No. 1**

<b>Lease Serial Number:</b>	NMNM 57633
<b>Description of Land Committed:</b>	Township 20 South, Range 29 East, Section 15: N2SW4
<b>Number of Acres:</b>	80 Acres
<b>Current Lessee of Record:</b>	XTO Holdings, LLC
<b>Name of Working Interest Owners:</b>	XTO Holdings, LLC
<b>Overriding Royalty Interest Owners:</b>	XTO Holdings, LLC Chalcam Exploration, LLC Thomas R. Nickoloff

**Tract No. 2**

<b>Lease Serial Number:</b>	NMNM 81929
<b>Description of Land Committed:</b>	Township 20 South, Range 29 East, Section 15: N2SE4
<b>Number of Acres:</b>	80 Acres
<b>Current Lessee of Record:</b>	MRC Permian Company EOG Resources, Inc Oxy Y-1 Company McMillan Production Company, Inc Permian Exploration Company
<b>Name of Working Interest Owners:</b>	MRC Permian Company EOG Resources, Inc. Oxy Y-1 Company
<b>Overriding Royalty Interest Owners:</b>	MRC Delaware Resources, LLC David Petroleum Corp. Chalcam Exploration, LLC Thomas R. Nickoloff

**Tract No. 3**

**Lease Serial Number:** NMNM 0415177

**Description of Land Committed:** Township 20 South, Range 29 East,  
Section 14: N2SW4

**Number of Acres:** 80 Acres

**Current Lessee of Record:** MRC Delaware Resources, LLC  
Yates Energy Corporation, LLC

**Name of Working Interest Owners:** MRC Delaware Resources, LLC  
Yates Energy Corporation, LLC

**Overriding Royalty Interest Owners:** MRC Permian Company  
PetroYates, Inc.  
Yates Energy Royalty Interests, LLC  
Alan Jochimsen  
Monty D. McLane  
States Royalty Limited Partnership

**RECAPITULATION**

<b>Tract No.</b>	<b>No. of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
<b>1</b>	80.00	33.33
<b>2</b>	80.00	33.33
<b>3</b>	80.00	33.34
<b>Total</b>	<b>240.00</b>	<b>100.00%</b>

## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the **1<sup>st</sup>** day of **September, 2022**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

### WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

**S2S2 Section 15 & S2SW4 Section 14, Township 20S, Range 29E, Eddy County, New Mexico.**

Containing **240** acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the **oil and gas** hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the

operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be **Matador Production Company 5400 Lyndon B Johnson Fwy, Suite 1500, Dallas, Texas, 75240**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of  $1/8^{\text{th}}$  or  $12 \frac{1}{2}$  percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining  $7/8^{\text{th}}$  should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the

communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes.

This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. The date of this agreement is **September 1, 2022**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all



parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**Operator: Matador Production Company**

\_\_\_\_\_  
Signature of Authorized Agent

**By: Craig N. Adams Executive Vice President**  
Name & Title of Authorized Agent

**Date:** \_\_\_\_\_

## ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this \_\_\_\_ day of \_\_\_\_\_, 2022, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this \_\_\_\_ day of \_\_\_\_\_, 2022, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING  
INTEREST**

COMMUNITIZATION AGREEMENT: \_\_\_\_\_

I, the undersigned, hereby certify, on behalf of **Matador Production Company**, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: \_\_\_\_\_

Signature of office

Printed: Craig N. Adams

TITLE: Executive Vice President

Phone number : (972) -371-5200

## EXHIBIT “A”

Plat of communitized area covering **240** acres in **S2S2 Section 15 & S2SW4 Section 14,**  
**Township 20S, Range 29E, Eddy County, New Mexico.**

Ted 1514 Fed Com #

Section 15		Section 14	
<u>Tract 1</u> NMNM-57633 80 Acres	<u>Tract 2</u> NMNM-81929 80 Acres	Tract 3 NMNM-0415177 80 Acres	

**EXHIBIT "B"**

Attached to and made a part of that certain Communitization Agreement dated September 1, 2022, embracing the following described land in the S2S2 of section 15 and S2SW4 of section 14 of Township 20 South, Range 29 East, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

**DESCRIPTION OF LEASES COMMITTED****Tract No. 1**

<b>Lease Serial Number:</b>	NMNM 57633
<b>Description of Land Committed:</b>	Township 20 South, Range 29 East, Section 15: S2SW4
<b>Number of Acres:</b>	80 Acres
<b>Current Lessee of Record:</b>	XTO Holdings, LLC
<b>Name of Working Interest Owners:</b>	XTO Holdings, LLC
<b>Overriding Royalty Interest Owners:</b>	XTO Holdings, LLC Chalcam Exploration, LLC Thomas R. Nickoloff

**Tract No. 2**

<b>Lease Serial Number:</b>	NMNM 81929
<b>Description of Land Committed:</b>	Township 20 South, Range 29 East, Section 15: S2SE4
<b>Number of Acres:</b>	80 Acres
<b>Current Lessee of Record:</b>	MRC Permian Company EOG Resources, Inc Oxy Y-1 Company McMillan Production Company, Inc Permian Exploration Company
<b>Name of Working Interest Owners:</b>	MRC Permian Company EOG Resources, Inc. Oxy Y-1 Company
<b>Overriding Royalty Interest Owners:</b>	MRC Delaware Resources, LLC David Petroleum Corp. Chalcam Exploration, LLC Thomas R. Nickoloff

**Tract No. 3**

**Lease Serial Number:** NMNM 0415177

**Description of Land Committed:** Township 20 South, Range 29 East,  
Section 14: S2SW4

**Number of Acres:** 80 Acres

**Current Lessee of Record:** MRC Delaware Resources, LLC  
Yates Energy Corporation, LLC

**Name of Working Interest Owners:** MRC Delaware Resources, LLC  
Yates Energy Corporation, LLC

**Overriding Royalty Interest Owners:** MRC Permian Company  
PetroYates, Inc.  
Yates Energy Royalty Interests, LLC  
Alan Jochimsen  
Monty D. McLane  
States Royalty Limited Partnership

**RECAPITULATION**

<b>Tract No.</b>	<b>No. of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
<b>1</b>	80.00	33.33
<b>2</b>	80.00	33.33
<b>3</b>	80.00	33.34
<b>Total</b>	<b>240.00</b>	<b>100.00%</b>

## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the **1<sup>st</sup>** day of **September, 2022**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

### WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

**N2S2 Section 15 & N2SW4 Section 14, Township 20S, Range 29E, Eddy County, New Mexico.**

Containing **240** acres, and this agreement shall include only the Wolfcamp Formation underlying said lands and the **oil and gas** hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the

operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be **Matador Production Company 5400 Lyndon B Johnson Fwy, Suite 1500, Dallas, Texas, 75240**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of  $1/8^{\text{th}}$  or  $12 \frac{1}{2}$  percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining  $7/8^{\text{th}}$  should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the



communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes.

This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. The date of this agreement is **September 1, 2022**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all

parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**Operator: Matador Production Company**

\_\_\_\_\_  
Signature of Authorized Agent

**By: Craig N. Adams Executive Vice President**  
Name & Title of Authorized Agent

**Date:** \_\_\_\_\_

## ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this \_\_\_\_ day of \_\_\_\_\_, 2022, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this \_\_\_\_ day of \_\_\_\_\_, 2022, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING  
INTEREST**

COMMUNITIZATION AGREEMENT: \_\_\_\_\_

I, the undersigned, hereby certify, on behalf of **Matador Production Company**, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: \_\_\_\_\_

Signature of office

Printed: Craig N. Adams

TITLE: Executive Vice President

Phone number : (972) -371-5200

**EXHIBIT “A”**

Plat of communitized area covering **240** acres in **N2S2 Section 15 & N2SW4 Section 14,**  
**Township 20S, Range 29E, Eddy County, New Mexico.**

Ted 1514 Fed Com #203H

Section 15		Section 14	
<u>Tract 1</u> NMNM-57633 80 Acres	<u>Tract 2</u> NMNM-81929 80 Acres	<u>Tract 3</u> NMNM-0415177 80 Acres	

**EXHIBIT "B"**

Attached to and made a part of that certain Communitization Agreement dated September 1, 2022, embracing the following described land in the N2S2 of section 15 and N2SW4 of section 14 of Township 20 South, Range 29 East, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

**DESCRIPTION OF LEASES COMMITTED****Tract No. 1**

<b>Lease Serial Number:</b>	NMNM 57633
<b>Description of Land Committed:</b>	Township 20 South, Range 29 East, Section 15: N2SW4
<b>Number of Acres:</b>	80 Acres
<b>Current Lessee of Record:</b>	XTO Holdings, LLC
<b>Name of Working Interest Owners:</b>	MRC Permian Company EOG Resources, Inc. Oxy Y-1 Company
<b>Overriding Royalty Interest Owners:</b>	XTO Holdings, LLC Chalcam Exploration, LLC Thomas R. Nickoloff

**Tract No. 2**

<b>Lease Serial Number:</b>	NMNM 81929
<b>Description of Land Committed:</b>	Township 20 South, Range 29 East, Section 15: N2SE4
<b>Number of Acres:</b>	80 Acres
<b>Current Lessee of Record:</b>	MRC Permian Company EOG Resources, Inc Oxy Y-1 Company McMillan Production Company, Inc Permian Exploration Company
<b>Name of Working Interest Owners:</b>	MRC Permian Company EOG Resources, Inc. Oxy Y-1 Company
<b>Overriding Royalty Interest Owners:</b>	MRC Delaware Resources, LLC

David Petroleum Corp.  
Chalcam Exploration, LLC  
Thomas R. Nickoloff

**Tract No. 3**

**Lease Serial Number:** NMNM 0415177

**Description of Land Committed:** Township 20 South, Range 29 East,  
Section 14: N2SW4

**Number of Acres:** 80 Acres

**Current Lessee of Record:** MRC Delaware Resources, LLC  
Yates Energy Corporation, LLC

**Name of Working Interest Owners:** MRC Delaware Resources, LLC  
Yates Energy Corporation, LLC

**Overriding Royalty Interest Owners:** MRC Permian Company  
PetroYates, Inc.  
Yates Energy Royalty Interests, LLC  
Alan Jochimsen  
Monty D. McLane  
States Royalty Limited Partnership

**RECAPITULATION**

<b>Tract No.</b>	<b>No. of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
<b>1</b>	80.00	33.33
<b>2</b>	80.00	33.33
<b>3</b>	80.00	33.34
<b>Total</b>	<b>240.00</b>	<b>100.00%</b>



## Federal Communitization Agreement

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the **1<sup>st</sup>** day of **September, 2022**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

**S2S2 Section 15 & S2SW4 Section 14, Township 20S, Range 29E, Eddy County, New Mexico.**

Containing **240** acres, and this agreement shall include only the Wolfcamp Formation underlying said lands and the **oil and gas** hereafter referred to as "communitized substances," producible from such formation.

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the

operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. The Operator of the communitized area shall be **Matador Production Company 5400 Lyndon B Johnson Fwy, Suite 1500, Dallas, Texas, 75240**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of  $1/8^{\text{th}}$  or  $12 \frac{1}{2}$  percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining  $7/8^{\text{th}}$  should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the

communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes.

This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. The date of this agreement is **September 1, 2022**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all

parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**Operator: Matador Production Company**

\_\_\_\_\_  
Signature of Authorized Agent

**By: Craig N. Adams Executive Vice President**  
Name & Title of Authorized Agent

**Date:** \_\_\_\_\_

## ACKNOWLEDGEMENT

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this \_\_\_\_ day of \_\_\_\_\_, 2022, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of Matador Production Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**WORKING INTEREST OWNERS  
AND/OR LESSEES OF RECORD**

**MRC Permian Company**

**By:** \_\_\_\_\_

Craig N. Adams Executive Vice President  
Print Name

**Date:** \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF **TEXAS**)

COUNTY OF **DALLAS**)

On this \_\_\_\_ day of \_\_\_\_\_, 2022, before me, a Notary Public for the State of Texas, personally appeared Craig N. Adams, known to me to be the Executive Vice President of MRC Permian Company, the corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING  
INTEREST**

COMMUNITIZATION AGREEMENT: \_\_\_\_\_

I, the undersigned, hereby certify, on behalf of **Matador Production Company**, the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: \_\_\_\_\_

Signature of office

Printed: Craig N. Adams

TITLE: Executive Vice President

Phone number : (972) -371-5200



## EXHIBIT “A”

Plat of communitized area covering **240** acres in **S2S2 Section 15 & S2SW4 Section 14,**  
**Township 20S, Range 29E, Eddy County, New Mexico.**

Ted 1514 Fed Com #204H

Section 15		Section 14	
<u>Tract 1</u> NMNM-57633 80 Acres	<u>Tract 2</u> NMNM-81929 80 Acres	Tract 3 NMNM-0415177 80 Acres	

**EXHIBIT "B"**

Attached to and made a part of that certain Communitization Agreement dated September 1, 2022, embracing the following described land in the S2S2 of section 15 and S2SW4 of section 14 of Township 20 South, Range 29 East, Eddy County, New Mexico.

Operator of Communitized Area: **Matador Production Company**

**DESCRIPTION OF LEASES COMMITTED****Tract No. 1**

<b>Lease Serial Number:</b>	NMNM 57633
<b>Description of Land Committed:</b>	Township 20 South, Range 29 East, Section 15: S2SW4
<b>Number of Acres:</b>	80 Acres
<b>Current Lessee of Record:</b>	XTO Holdings, LLC
<b>Name of Working Interest Owners:</b>	MRC Permian Company EOG Resources, Inc. Oxy Y-1 Company
<b>Overriding Royalty Interest Owners:</b>	XTO Holdings, LLC Chalcam Exploration, LLC Thomas R. Nickoloff

**Tract No. 2**

<b>Lease Serial Number:</b>	NMNM 81929
<b>Description of Land Committed:</b>	Township 20 South, Range 29 East, Section 15: S2SE4
<b>Number of Acres:</b>	80 Acres
<b>Current Lessee of Record:</b>	MRC Permian Company EOG Resources, Inc Oxy Y-1 Company McMillan Production Company, Inc Permian Exploration Company
<b>Name of Working Interest Owners:</b>	MRC Permian Company EOG Resources, Inc. Oxy Y-1 Company
<b>Overriding Royalty Interest Owners:</b>	MRC Delaware Resources, LLC David Petroleum Corp.

Chalcam Exploration, LLC  
Thomas R. Nickoloff

**Tract No. 3**

**Lease Serial Number:** NMNM 0415177

**Description of Land Committed:** Township 20 South, Range 29 East,  
Section 14: S2SW4

**Number of Acres:** 80 Acres

**Current Lessee of Record:** MRC Delaware Resources, LLC  
Yates Energy Corporation, LLC

**Name of Working Interest Owners:** MRC Delaware Resources, LLC  
Yates Energy Corporation, LLC

**Overriding Royalty Interest Owners:** MRC Permian Company  
PetroYates, Inc.  
Yates Energy Royalty Interests, LLC  
Alan Jochimsen  
Monty D. McLane  
States Royalty Limited Partnership

**RECAPITULATION**

<b>Tract No.</b>	<b>No. of Acres Committed</b>	<b>Percentage of Interest in Communitized Area</b>
<b>1</b>	80.00	33.33
<b>2</b>	80.00	33.33
<b>3</b>	80.00	33.34
<b>Total</b>	<b>240.00</b>	<b>100.00%</b>

ADDR1	ADDR2	ADDR3	ADDR4	ADDR5
Yates Energy Corporation	P.O. Box 2323	Roswell	NM	88202
XTO Holdings, Inc.	810 Houston St.	Fort Worth	TX	76102
Oxy Y-1 Company	P.O. Box 27570	Houston	TX	77227-9930
PetroYates, Inc.	P.O. Box 1608	Albuquerque	NM	87103-1608
Yates Energy Royalty Interests LLC	P.O. Box 2323	Roswell	NM	88202
Alan Jochimsen	4209 Cardinal Lane	Midland	TX	79707
Monty D. McLane	P.O. Box 9451	Midland	TX	79708
States Royalty Limited Partnership	300 N. Breckenridge Avenue	Breckenridge	TX	76424
Nilo Operating Company	P.O. Box 4362	Houston	TX	77210-4362
David Petroleum Corp.	116 W. 1st St.	Roswell	NM	88203
Chalcam Exploration, L.L.C.	200 W. 1st St.	Roswell	NM	88203
Thomas R. Nickoloff	118 W. 1st St.	Roswell	NM	88203
EOG Resources, Inc.	P.O. Box 4362	Houston	TX	77210-4362
XTO Holdings, LLC2	810 Houston St.	Fort Worth	TX	76102
Bureau of Land Management	301 Dinosaur Trail	Santa Fe	NM	87508



**Paula M. Vance**  
**Associate**  
**Phone** (505) 988-4421  
**Fax** (505) 819-5579  
pmvance@hollandhart.com

June 16, 2023

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL AFFECTED PARTIES**

**Re: Application of Matador Production Company for administrative approval to surface commingle (pool and lease) oil and gas production from spacing units comprised of the SW/4 of Section 14 and the S/2 of Section 15, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico (the "Lands")**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application, which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from the date this application is received by the Division's Santa Fe office located at 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Kyle Perkins  
Matador Production Company  
(972) 371-5202  
kperkins@matadorresources.com

Sincerely,

A handwritten signature in blue ink, appearing to read "Paula M. Vance", written over a horizontal line.

Paula M. Vance  
**ATTORNEY FOR MATADOR PRODUCTION  
COMPANY**

MRC - Ted 1514 Fed Commingling  
Postal Delivery Report

Tracking Number	Recipient	Status
921489019403831945551	Yates Energy Corporation PO BOX 2323 Roswell NM 88202	Pending
921489019403831945552	XTO Holdings Inc 810 Houston St Fort Worth TX 76102	Pending
921489019403831945553	Oxy Y-1 Company PO BOX 27570 Houston TX 77227-9930	Pending
921489019403831945554	PetroYates Inc PO BOX 1608 Albuquerque NM 87103-1608	Pending
921489019403831945555	Yates Energy Royalty Interests LLC PO BOX 2323 Roswell NM 88202	Pending
921489019403831945556	Alan Jochimsen 4209 Cardinal Lane Midland TX 79707	Pending
921489019403831945557	Monty D McLane PO BOX 9451 Midland TX 79708	Pending
921489019403831945558	States Royalty Limited Partnership 300 N Breckenridge Avenue Breckenridge TX 76424	Pending
921489019403831945559	Nilo Operating Company PO BOX 4362 Houston TX 77210-4362	Pending
921489019403831945560	David Petroleum Corp 116 W 1st St Roswell NM 88203	Pending
921489019403831945561	Chalcam Exploration L L C 200 W 1st St Roswell NM 88203	Pending
921489019403831945562	Thomas R Nickoloff 118 W 1st St Roswell NM 88203	Pending
921489019403831945563	EOG Resources Inc PO BOX 4362 Houston TX 77210-4362	Pending
921489019403831945564	XTO Holdings LLC2 810 Houston St Fort Worth TX 76102	Pending
921489019403831945565	Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	Pending

**From:** [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)  
**To:** [Paula M. Vance](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Rikala, Ward, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Paradis, Kyle O; Walls, Christopher](#)  
**Subject:** Approved Administrative Order PLC-902  
**Date:** Friday, October 27, 2023 8:33:06 AM  
**Attachments:** [PLC902 Order.pdf](#)

NMOCD has issued Administrative Order PLC-902 which authorizes Matador Production Company (228937) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-53697	Ted 1514 Federal Com #123H	N/2 SW/4	14-20S-29E	27470
		N/2 S/2	15-20S-29E	
30-015-53698	Ted 1514 Federal Com #124H	S/2 SW/4	14-20S-29E	27470
		S/2 S/2	15-20S-29E	
30-015-53674	Ted 1514 Federal Com #203H	N/2 SW/4	14-20S-29E	27191
		N/2 S/2	15-20S-29E	
30-015-53678	Ted 1514 Federal Com #204H	S/2 SW/4	14-20S-29E	27191
		S/2 S/2	15-20S-29E	

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure  
 Petroleum Engineer, Oil Conservation Division  
 New Mexico Energy, Minerals and Natural Resources Department  
 (505) 469-8211



# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0005744163

This is not an invoice

HOLLAND AND HART

PO BOX 2208

SANTA FE, NM 87504-2208

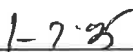
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

06/22/2023

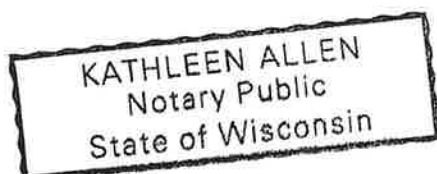


Legal Clerk

Subscribed and sworn before me this June 22, 2023:


State of WI, County of Brown  
NOTARY PUBLIC


My commission expires



Ad # 0005744163

PO #: Commingling NoP (Ted)  
# of Affidavits 1

This is not an invoice

## Legal Notice (Publication)

To: All affected parties, including; Yates Energy Corporation; XTO Energy Inc.; Oxy Y-1 Company; PetroYates, Inc.; Yates Energy Royalty Interests LLC; Alan Jochimsen, his heirs and devisees; Monty D. McLane, his heirs and devisees; States Royalty Limited Partnership; Nilo Operating Company; David Petroleum Corp.; Chalcam Exploration, L.L.C.; Thomas R. Nickoloff, his heirs and devisees; EOG Resources, Inc.; XTO Holdings, LLC2; and Bureau of Land Management.

Application of Matador Production Company for administrative approval to surface commingle (pool and lease) oil and gas production from spacing units comprised of the SW/4 of Section 14 and the S/2 of Section 15, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico (the "Lands"). Matador Production Company (OGRID No. 228937), pursuant to 19.15.12.10 NMAC, seeks administrative approval to surface commingle (pool and lease) diversely owned oil and gas production at the Ted Federal Central Tank Battery insofar as all existing and future wells drilled in the following spacing units:

(a) The 240-acre spacing unit comprised of the N/2 SW/4 of Section 14 and the N/2 S/2 of Section 15, in the Getty; Bone Spring (27470) – currently dedicated to the Ted 1514 Fed Com #123H (API. No. 30-015-53697);

(b) The 240-acre spacing unit comprised of the S/2 SW/4 of Section 14 and the S/2 S/2 of Section 15, in the Getty; Bone Spring (27470) – currently dedicated to the Ted 1514 Fed Com #124H (API. No. 30-015-53698);

(c) The 240-acre spacing unit comprised of the N/2 SW/4 of Section 14 and the N/2 S/2 of Section 15, in the Gutuna Canyon; Wolfcamp (27191) – currently dedicated to the Ted 1514 Fed Com #203H (API. No. 30-015-53674);

(d) The 240-acre spacing unit comprised of the S/2 SW/4 of Section 14 and the S/2 S/2 of Section 15, in the Gutuna Canyon; Wolfcamp (27191) – currently dedicated to the Ted 1514 Fed Com #204H (API. No. 30-015-53678); and

(e) Pursuant to 19.15.12.10.C(4)(g), from all future additions of pools, leases or leases and pools to the Ted Federal Central Tank Battery with notice provided only to the owners of interests to be added.

Any objection to this application must be filed in writing within twenty days from date of publication with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division. If you have any questions about this application, please contact Kyle Perkins, Matador Production Company, (972) 371-5202 or KPerkins@matadorresources.com.  
June 22, 2023

0005744163

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING  
SUBMITTED BY MATADOR PRODUCTION COMPANY**

**ORDER NO. PLC-902**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. Matador Production Company (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
6. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10.C.(4)(g) NMAC.
7. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.
8. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

### **CONCLUSIONS OF LAW**

9. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
13. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
14. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10.C.(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
15. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit a Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved Agreement(s). If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
4. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.
5. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
6. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
7. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
8. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later

than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.

9. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10.C.(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
10. If a well is not included in Exhibit A but produces from a pool and lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
12. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
13. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



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**DYLAN M. FUGE  
DIRECTOR**

**DATE:** 10/27/23

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **PLC-902**

Operator: **Matador Production Company (228937)**

Central Tank Battery: **Ted Federal Central Tank Battery**

Central Tank Battery Location: **UL M, Section 15, Township 20 South, Range 29 East**

Gas Title Transfer Meter Location: **UL M, Section 15, Township 20 South, Range 29 East**

### Pools

Pool Name	Pool Code
<b>GATUNA CANYON; WOLFCAMP</b>	<b>27191</b>
<b>GETTY; BONE SPRING</b>	<b>27470</b>

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
<b>NMNM 105467092 (057633)</b>	<b>SW/4</b>	<b>15-20S-29E</b>
<b>NMNM 105371210 (081929)</b>	<b>SE/4</b>	<b>15-20S-29E</b>
<b>NMNM 105417955 (0415177)</b>	<b>SW/4</b>	<b>14-20S-29E</b>

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
<b>30-015-53697</b>	<b>Ted 1514 Federal Com #123H</b>	<b>N/2 SW/4</b>	<b>14-20S-29E</b>	<b>27470</b>
		<b>N/2 S/2</b>	<b>15-20S-29E</b>	
<b>30-015-53698</b>	<b>Ted 1514 Federal Com #124H</b>	<b>S/2 SW/4</b>	<b>14-20S-29E</b>	<b>27470</b>
		<b>S/2 S/2</b>	<b>15-20S-29E</b>	
<b>30-015-53674</b>	<b>Ted 1514 Federal Com #203H</b>	<b>N/2 SW/4</b>	<b>14-20S-29E</b>	<b>27191</b>
		<b>N/2 S/2</b>	<b>15-20S-29E</b>	
<b>30-015-53678</b>	<b>Ted 1514 Federal Com #204H</b>	<b>S/2 SW/4</b>	<b>14-20S-29E</b>	<b>27191</b>
		<b>S/2 S/2</b>	<b>15-20S-29E</b>	



State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit B

Order: **PLC-902**  
Operator: **Matador Production Company (228937)**

### Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Bone Spring BLM	N/2 SW/4	14-20S-29E	240	A
	N/2 S/2	15-20S-29E		
CA Bone Spring BLM	S/2 SW/4	14-20S-29E	240	B
	S/2 S/2	15-20S-29E		
CA Wolfcamp BLM	N/2 SW/4	14-20S-29E	240	C
	N/2 S/2	15-20S-29E		
CA Wolfcamp BLM	S/2 SW/4	14-20S-29E	240	D
	S/2 S/2	15-20S-29E		

### Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
NMNM 105467092 (057633)	N/2 SW/4	15-20S-29E	80	A
NMNM 105371210 (081929)	N/2 SE/4	15-20S-29E	80	A
NMNM 105417955 (0415177)	N/2 SW/4	14-20S-29E	80	A
NMNM 105467092 (057633)	S/2 SW/4	15-20S-29E	80	B
NMNM 105371210 (081929)	S/2 SE/4	15-20S-29E	80	B
NMNM 105417955 (0415177)	S/2 SW/4	14-20S-29E	80	B
NMNM 105467092 (057633)	N/2 SW/4	15-20S-29E	80	C
NMNM 105371210 (081929)	N/2 SE/4	15-20S-29E	80	C
NMNM 105417955 (0415177)	N/2 SW/4	14-20S-29E	80	C
NMNM 105467092 (057633)	S/2 SW/4	15-20S-29E	80	D
NMNM 105371210 (081929)	S/2 SE/4	15-20S-29E	80	D
NMNM 105417955 (0415177)	S/2 SW/4	14-20S-29E	80	D



**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720  
**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS  
  
Action 229530

CONDITIONS

Operator: MATADOR PRODUCTION COMPANY One Lincoln Centre Dallas, TX 75240	OGRID: 228937
	Action Number: 229530
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	10/27/2023